

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 OPIC-03 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-07 EUR-12 AID-05 COME-00 TRSE-00 /082 W

----- 119241

R 110800Z MAR 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1462

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E.O. 11652: N/A

TAGS: EMIN, EINV, TH

SUBJECT: TEMCO

REF: A. BANGKOK 3622; B. STATE 047979

1. IN REFTEL A I WROTE THAT I WOULD SEND KEY CABINET OFFICERS, INCLUDING THE PRIME MINISTER, A LETTER CAUTIONING THE RTG TO WEIGH CAREFULLY THE CONSEQUENCES OF CANCELLING THE TEMCO CONCESSION. IN LIGHT OF GOVERNMENT'S DEFEAT ON THE VOTE OF CONFIDENCE, THERE WOULD BE NO POINT IN CIRCULARIZING CARETAKER MINISTERS, BUT SINCE HE WILL PROBABLY BE INFLUENTIAL AS LEADER OF THE OPPOSITION I HAVE SENT THE PRIME MINISTER SENI PRAMOT A LETTER ALONG LINE PROPOSED IN REFTEL A.

2. THE LETTER STRESSES THAT THE EMBASSY HAS SEEN NO EVIDENCE PUT FORTH OF ANY ILLEGALITY ON THE PART OF UNION CARBIDE AND POINTS OUT THE UNFAVORABLE CONSEQUENCES FOR THAI DEVELOPMENT OF CANCELLATION. THE CONSEQUENCES CITED IN REFTEL B ON ELIGIBILITY FOR TRADE PREFERENCES AND CLAIMS UNDER THE OPIC INSURANCE CONTRACT WERE ALSO MENTIONED WITHOUT ANY ELABORATION. A DUTCH EMBASSY OFFICIAL SAW AND APPROVED THE DRAFT OF THE LETTER BEFORE IT WENT TO THE PRIME MINISTER. A COPY OF THE LETTER WILL BE POUCHED.

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3. I SUGGEST THAT AMBASSADOR ANAN BE CALLED IN BY THE

DEPARTMENT TO EMPHASIZE TO HIM U.S. CONCERN THAT NO HASTY ACTION BE TAKEN ON THE TEMCO MATTER.

4. THE CONTROVERSY IS THE SUBJECT OF A SERIES IN THE "BANGKOK POST," THE FIRST INSTALLMENT OF WHICH APPEARED ON MARCH 9. ARTICLE SHOWED EVIDENCE OF CAREFUL RESEARCH AND A GENUINE ATTEMPT AT OBJECTIVITY AND IS THE FIRST PUBLIC EXPOSITION OF THE FULL RANGE OF ISSUES THAT IS INVOLVED IN THIS CONTROVERSY. AMONG THE CONCLUSIONS REACHED IN THE ARTICLE WERE:

"...THE COMPANY EARNS 17 PERCENT ON ITS INVESTMENT; SOME OF THIS MUST GO TO COVER INTEREST CHARGES WHILE THE REST IS AVAILABLE AS DIVIDENDS. CONTRARY TO ALLEGATIONS, THERE IS NO EVIDENCE THAT THE RETURN ON INVESTMENT IS PARTICULARLY GOOD."

"...THERE SEEMS TO BE LITTLE BASIS UNDER THE MINERALS ACT FOR CANCELLING THE CONCESSIONS EXCEPT BY DEMONSTRATION OF FRAUD AT SOME STAGE IN OBTAINING THE PROSPECTING AND MINING LEASES."

"...CANCELLING THE CONCESSION WOULD RESULT IN CONSEQUENCES FOR THE ECONOMIC RELATIONSHIP BETWEEN THE TWO COUNTRIES (THAILAND AND THE U.S.) THAT COULD ONLY DO BOTH HARM."

"...THE ISSUE THAT IS FUNDAMENTAL TO TEMCO AND A WHOLE SERIES OF OTHER CASES IS HOW TO CORRECT THE ABUSES OF THE PAST MILITARY DICTATORSHIP."

THE "POST" HAS WIDE READERSHIP AMONG INFLUENTIAL THAIS AND SHOULD HAVE A POSITIVE AFFECT ON ANYONE WHO HAS AN OPEN MIND ON THE SUBJECT. ARTICLE WILL BE ATTACHED TO COPY OF LETTER TO PRIME MINISTER BEING POUCHED AND SUBSEQUENT ARTICLES WILL BE FORWARDED WHEN THEY APPEAR.  
KINTNER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DISPUTE SETTLEMENT, INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975BANGKO03968  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750084-0777  
**From:** BANGKOK  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1975/newtext/t19750364/aaaacfjq.tel  
**Line Count:** 98  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 BANGKOK 3622, 75 STATE 047979  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 JUL 2003 by BoyleJA>; APPROVED <20 NOV 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TEMCO  
**TAGS:** EMIN, EINV, TH, TEMCO  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006